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# Assessing Information for Taxpayers

## FY 2004 4<sup>th</sup> Quarter Billing and Abatement Period

### FREQUENTLY ASKED QUESTIONS



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## Tax Rates

### What are this fiscal year's (2004) tax rates?

The residential tax rate is **\$10.15** per thousand dollars of value.

The rate for commercial, industrial and personal property accounts is **\$33.08** per thousand dollars of value

## Residential Exemption

### What is the value of the residential exemption? How much will I save off my tax bill?

The value of the residential exemption is **\$109,386**.

For FY 2004, the tax dollar amount saved by qualified homeowner/occupants is **\$1,110.27**.

### How do I find out if I am receiving a residential exemption?

To determine whether you are already receiving a residential exemption, determine whether an amount appears to the right of the box marked "**residential exemption**" on your tax bill. If an amount appears in this box, you are **already** receiving a residential exemption.

If you are not currently receiving an exemption, you have until June 30, 2004 to apply. You must pay the full amount of the tax by May 3, 2004 even if you apply for a personal exemption. If the application is approved, the exemption will be refunded to you later in the year.

### I am not receiving a residential exemption but I think I qualify. How do I apply?

Call the Taxpayer Referral & Assistance Center at (617) 635-4287 OR obtain a residential exemption application online at: [www.cityofboston.gov/trac](http://www.cityofboston.gov/trac). Return your completed application no later than Wednesday, June 30, 2004 to: Assessing Department, Room 301, City Hall, Boston, MA 02201.

### Purchase Year / Residential Exemption Eligibility Year

<u>Calendar</u> <u>YR Purchase</u>	<u>Fiscal Year</u> <u>Eligible</u>
2002	FY 2004
2003	FY 2005
2004	FY 2006

#### New Applicants

Applications for **FY2005** will be sent in September 2004 to those persons who purchased their homes in calendar year 2003.

Applications for **FY2006** will be sent in September 2005 to those persons who purchased their homes in calendar year 2004.

(Residential exemption continued)

**My residential exemptions are not on my fourth quarter tax bill although I have already sent in my application. What should I do?**

Residential exemptions not credited on the fourth quarter tax bill will be processed after the May 3 payments are posted (usually by mid-May). If the bill is paid in full, the Office of the Collector Treasurer will issue a refund.

## **Personal Exemptions**

**What are personal exemptions? What types are available?**

### **Elderly (65 years)**

### **Blind**

### **Surviving Spouse, Minor child of Deceased parent, Elderly (70+)**

### **Veteran**

### **Surviving spouse or child of police officer or fireman killed in the line of duty**

### **Hardship**

An exemption is a release from the obligation of having to pay taxes on all or part of a parcel of real property. Personal exemptions are a reduction in taxes due to a particular personal circumstance. The qualifications are set forth in the Massachusetts General Laws. **The burden is on the applicant to show that he or she falls within the expressed terms of the exemption provision.**

Personal exemptions must be applied for no later than June 30, 2004.

Exemptions are granted for one year only. A renewal application will be sent each year. It must be completed and returned within the deadline indicated.

**How do I find out if I am receiving a personal exemption?**

To determine whether you are already receiving a personal exemption, determine whether an amount appears to the right of the box marked "**personal exemption**" on your tax bill. If an amount appears in this box, you are **already** receiving a personal exemption.

If you are not currently receiving an exemption, you have until June 30, 2004 to apply. You must pay the full amount of the tax by May 3, 2004 even if you apply for a personal exemption. If the application is approved, the exemption will be refunded to you later in the year.

**My personal exemption is not on my fourth quarter tax bill although I have already sent in my application. What should I do?**

Exemptions not credited on the fourth quarter tax bill will be processed after the May 3 payments are posted (usually by mid-May). If the bill is paid in full, the Office of the Collector Treasurer will issue a refund.

Check TRAC/Personal to determine status of application if caller indicates no exemptions appear on the tax bill. Application may be incomplete pending further information, or they may not have filed for FY04.

## **Values**

**How did you arrive at my assessment?**

State law requires that all property be assessed at its full market value. Real estate sales are collected and researched for each neighborhood. The sale of properties that are comparable to yours in terms of style, age, size and condition form the basis of your assessment.



(Values continued)

### **How often does the city value property?**

Massachusetts law requires each city and town to conduct a complete revaluation of its property every three years. The city does make interim- year adjustments to keep property values at full fair cash value.

### **Why has my residential property value increased so much?**

In virtually all Boston neighborhoods, market values for residential property increased steadily from January 2000 through December 2002. An unprecedented demand for housing combined with extremely low interest rates has led to a rapid increase in real estate sales prices across the city. The changes in your assessment reflect the specific market conditions in your neighborhood and within your property type during this period.

### **I thought the Mayor's legislation would lower my tax bill?**

Starting in 1983, the state legislature gave each city and town the option to choose whether to apply a single uniform rate to all properties or have different rates for residential and commercial properties. Choosing different rates for residential and commercial properties meant shifting a portion of the tax burden from the residential to commercial class. Until 2004, the maximum allowable differential in rate was that the commercial taxpayers could not pay more than 175% of the taxes they would pay under a single rate. In addition, at no time could residential taxpayers pay less than 50% of what they would pay under a single rate.

Through legislation filed by the City this year, the rate for businesses has been raised from 175% to 200%, while the residential rate has been reduced from 50% to 45%.

Under the new law, residential taxpayers will see a moderate increase of \$285 on the average single-family home as opposed to the \$800 projected prior to the legislation.

## **Tax Rates/Tax Burden**

### **If the tax rate is LOWER than last year, why have my taxes increased?**

Your total tax represents the tax rate multiplied by your assessed value. Although the tax rate is lower, residential property values have increased considerably. On average, single-family home values were much higher than in previous years due to an increase in demand combined with the availability of low interest rates. As a result, an increase in your property's value may offset the lower tax rate, resulting in a higher tax bill.

### **What is the City doing to reduce the tax burden to residential taxpayers?**

The City filed and won approval of the legislation that allows the city to expand the property tax classification factors to provide relief for taxpayers. The new law, Chapter 3 of the Acts of 2004 allows Boston and other impacted communities to raise the business classification factor to 200% this year. The previous limit for the business community was 175%.

Because of this change, residential taxpayers are now seeing the projected increase in their tax bills significantly reduced. Prior to the legislation, the average single family tax bill was projected to increase by an average of \$800. Under the new law, residential taxpayers will see a moderate increase of \$285 on the average single-family home.

(Tax burden continued)

The City continues to provide residential property owners the maximum exemption benefits allowed by state law. This year eligible taxpayers save **\$1,110.27** off their tax bill.

The City also offers personal exemptions for taxpayers in special circumstances that are defined under state law.

## **4<sup>th</sup> Q Tax bill**

### **Why is my 4<sup>th</sup> Q tax bill so much higher than my 3<sup>rd</sup> Q tax bill?**

In prior years, the City has established the assessments, tax rates and exemption amounts for the 3<sup>rd</sup> quarter tax bill. This year, the City elected to set these factors after new tax relief legislation was passed in January.

Fiscal Year 2004 was a revaluation year for the City of Boston as well as a fiscal year marked by key residential and commercial property classification issues that required both state and local municipal action.

In virtually all Boston neighborhood's, the market values for residential property increased steadily from January 2000 – December 2002. The increase in residential market values lies in stark contrast to the weakness in values within the business market – particularly in downtown Boston; vacancy rates are up, commercial rates and hotels are down. All these factors have a direct impact on residential taxpayers.

In March, the state certified property values for Boston and certified the tax rates for both residential and commercial properties. Your certified property value and new tax rate are reflected on the 4<sup>th</sup> quarter tax bill. As a result, your tax bill may be slightly higher than your 3<sup>rd</sup> Quarter tax bill. The 4<sup>th</sup> quarter tax bill reflects the actual taxes due for the entire fiscal year minus any payments made in the prior three quarters.

### **I did not receive my 4<sup>th</sup> Q tax bill. How do I obtain one?**

You can obtain a duplicate tax bill by calling the Taxpayer Referral & Assistance Center at 617-635-4287. Be sure to have your ward and parcel ID number ready when you call.

### **I do not see my name on the tax bill.**

Call the Taxpayer Referral and Assistance Center at (617) 635-4287.

## **Abatement**

### **I disagree with my assessment. How do I file an abatement? Where do I get an application? When are applications due?**

Taxpayers who believe that their assessment is incorrect may file an application for abatement. Applications for abatement are available at the Assessing Department, Room 301, City Hall (9 AM – 5PM) or obtain an abatement application form on-line at: **[www.cityofboston.gov/trac](http://www.cityofboston.gov/trac)**.

Applications must be filed no later than Monday, May 3, 2004. State Law prohibits the Assessing Department from acting on an application that is filed late. The Fiscal Year 2004 fourth quarter tax bill must be paid by Monday, May 3, 2004 even if an abatement application is filed.



## **Proposition 2 ½**

### **Doesn't Proposition 2 ½ limit my taxes?**

Because of Proposition 2½, the city's total property tax levy (the amount raised from property taxes) can only increase 2.5% over the previous year's tax levy. The provisions of Proposition 2½ apply to the overall tax levy – not to an individual tax bill.

### **If the City's tax levy is only increased by 2.5%, then why is my tax bill increasing so sharply?**

While residential real estate values have increased considerably, values for business properties have decreased. Vacancy rates in the downtown office market have increased, commercial lease rates have declined, the market for hotels room rates have declined. The resulting decline in the business real estate market has a direct impact on residential values.

## **38D**

### **I got a form in the mail recently regarding a 38D request for information. What is it?**

Under Massachusetts General Laws, Chapter 59, Section 38D, assessors may make requests to property owners for income and expense information concerning their income-producing properties. Such information is necessary to assessors so that they may have up-to-date data on leases, rents, vacancies and other trends for various types of property in all areas of the city. With this information, the Assessing Department will be able to develop appropriate valuation standards for all income-producing properties citywide.

If you receive a 38D form, it is important that you fill it out completely and return it **within sixty days of the postmarked date** to the address shown on the form. For more information, see the letter on the reverse side of the form or call (617) 635-1162.

38D Forms are DUE Tuesday, MAY 18, 2004.

### **I got a \$50 charge on my fourth quarter tax bill. Next to the charge, it says "38D." What does that mean?**

In February 2003, the Assessing Department sent you by certified mail a request for income and expense information regarding your income-producing property.

The letter on the reverse side of the form indicated that "any owner who fails to submit requested information will be levied a fifty dollar (\$50) fine in the next tax year." Because the Assessing Department did not receive your completed form within sixty days, you have been assessed a \$50 fine, pursuant to Massachusetts General Laws, Chapter 59, Section 38D.

### **I submitted my 38D form to you, but I still got fined \$50. Why?**

It is likely that you did not submit your 38D form within sixty days, as explained in the cover letter on the reverse side of the 38D form.

For further questions contact: Francis Tirella, Assessing Department, Research unit at (617) 635-1162.

## **Assessing Information On Line**

**Is property information available online? How do I obtain property information online?**

Property information, including property values and new tax rates, is available online at:  
**[www.cityofboston.gov/assessing](http://www.cityofboston.gov/assessing).**

## **Common Questions to Assessors**

**Why does my neighbor pay less when he/she has identical property?**

There are many factors involved in determining the value of each property. Though properties may be identical in size and style, each property is unique as the condition of each property varies. You will not find identical houses with similar dates of rehab.

**An Assessor never came to my house, how could they increase my assessment?**

The assessed value is based on full fair cash value. The price an owner willing but not under compulsion to sell, ought to receive from one willing, but not under compulsion to buy. The establishment and maintenance of fair market values are determined by analyzing sales of comparable properties in each neighborhood, and the review of new construction and rehabilitation of a property.

**I plan on renovating my property (i.e. new kitchen and baths); will this increase my tax bill?**

Any major improvement increases the value of your home. A home with updated kitchens and baths in a typical cycle will yield a higher sale price than a comparable home with original kitchens and baths. Does that equate to a higher tax bill? Yes, because the improvement to your home will increase the value of your asset.